

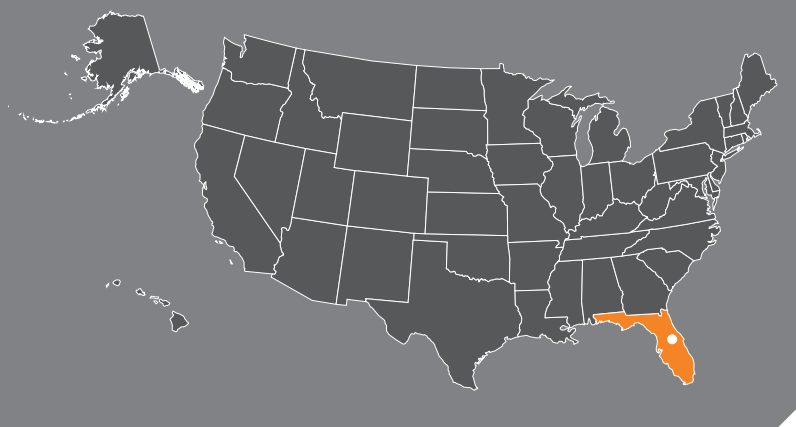
HUD PD&R Housing Market Profiles

Orlando-Kissimmee-Sanford, Florida



Quick Facts About Orlando

- Current sales market conditions: slightly tight
- Current apartment market conditions: slightly soft
- Best known as a tourist destination, the Orlando metropolitan area is also recognized as a center for modeling, simulation, and training (MS&T). Companies in the MS&T industry specialize in digital modeling and virtual reality simulation and received \$6 billion in contracts in 2021, mostly from the U.S. Department of Defense (Orlando Economic Partnership).



Orlando, Florida

By Marissa Dolin | As of May 1, 2023

Overview

The Orlando-Kissimmee-Sanford (hereafter, Orlando) metropolitan area includes Lake, Orange, Osceola, and Seminole Counties in central Florida. The most populous county, Orange, includes the city of Orlando. The county contains approximately 70 percent of the metropolitan area jobs and 53 percent of the population (U.S. Census Bureau OnTheMap, 2020, and population estimates as of July 1, 2022). The metropolitan area is a popular tourist destination, supported by the presence of Walt Disney World Resort (hereafter, Walt Disney World) and Universal Studios Florida at Universal Orlando Resort (hereafter, Universal Orlando). Following a decline in jobs in the leisure and hospitality sector during 2020 because of public health precautions implemented to limit the spread of COVID-19, payrolls in the sector increased in 2021 and 2022. The sector continued growing in 2023, becoming the largest sector in the metropolitan area in early 2023, a rank held during the previous 2 decades through 2019. The inventory of homes for sale is increasing relative to historically low levels during the past 2 years but remains below prepandemic levels. An elevated number of apartments were completed during the past year, contributing to a rising vacancy rate and slowdown in rent growth.

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- Population growth has slowed since 2020 compared with the previous decade. The population is currently estimated at 2.81 million, rising by an average of 41,950, or 1.6 percent, annually from 2020 to 2022 (U.S. Census Bureau population estimates as of July 1), but has increased at a slightly faster pace since mid-2022. By comparison, the population increased by an average of 53,900, or 2.3 percent, annually from 2010 to 2020 (U.S. Census Bureau decennial census counts).
- Population growth in 2021 was concentrated in Lake and Osceola Counties, which include outlying suburban and

semi-rural areas farther away from the economic center of the metropolitan area. In 2022, by contrast, population growth was strongest in Orange County, supported by an increase in net in-migration.

- Relative to the state of Florida and the nation, the metropolitan area had a smaller share of residents aged 62 and older, with 18.9 percent of the population compared with 25.3 percent in Florida and 20.6 percent in the nation (2020 Decennial Census).

Economic Conditions

The economy in the Orlando metropolitan area shifted from recovering jobs lost during the early 2020 recession to expansion that began more than 1 year ago, when payrolls surpassed the prepandemic high. The economy in the HUD-defined Southeast/Caribbean Region and the nation also surpassed respective prerecession highs more than 1 year ago, but the economy in the metropolitan area has exceeded prerecession levels by a higher percentage. Nonfarm payrolls in the metropolitan area averaged 1.44 million jobs during the 3 months ending April 2023 and are 110,500 jobs, or 8.3 percent, above the corresponding 3-month period in 2019, before the onset of the COVID-19 pandemic. By comparison, payrolls in the Southeast/Caribbean Region and the nation are 6.4 percent and 3.2 percent, respectively, above the same period in 2019.

During the 3 months ending April 2023—

- Nonfarm payrolls increased by 63,000 jobs, or 4.6 percent, from a year ago, slowing from a gain of 135,100 jobs, or 10.9 percent, during the same period a year earlier. The most recent year-over-year increase is above the average gain of 43,200 jobs, or 3.5 percent, annually from 2017 to 2019.
- The professional and business services sector, which is the second largest sector in the metropolitan area, expanded by 7,400 jobs, or 2.8 percent. A \$50.8 million grant from the U.S. Economic Development Administration to expand semiconductor research at NeoCity, a technology campus in Osceola County, supported a portion of the gains in the sector. Grant funds also supported jobs in

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Nonfarm payroll growth occurred in 10 of the 11 sectors during the 3 months ending April 2023 in the Orlando metropolitan area.

	3 Months Ending		Year-Over-Year Change	
	April 2022 (Thousands)	April 2023 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	1,372.5	1,435.5	63.0	4.6
Goods-Producing Sectors	138.1	138.2	0.1	0.1
Mining, Logging, & Construction	86.2	85.8	-0.4	-0.5
Manufacturing	51.9	52.4	0.5	1.0
Service-Providing Sectors	1,234.4	1,297.3	62.9	5.1
Wholesale & Retail Trade	198.0	204.0	6.0	3.0
Transportation & Utilities	59.6	62.3	2.7	4.5
Information	26.6	26.6	0.0	0.0
Financial Activities	88.5	90.0	1.5	1.7
Professional & Business Services	264.8	272.2	7.4	2.8
Education & Health Services	170.4	180.8	10.4	6.1
Leisure & Hospitality	257.8	287.5	29.7	11.5
Other Services	42.2	44.6	2.4	5.7
Government	126.7	129.3	2.6	2.1
Unemployment Rate	3.1%	2.5%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics

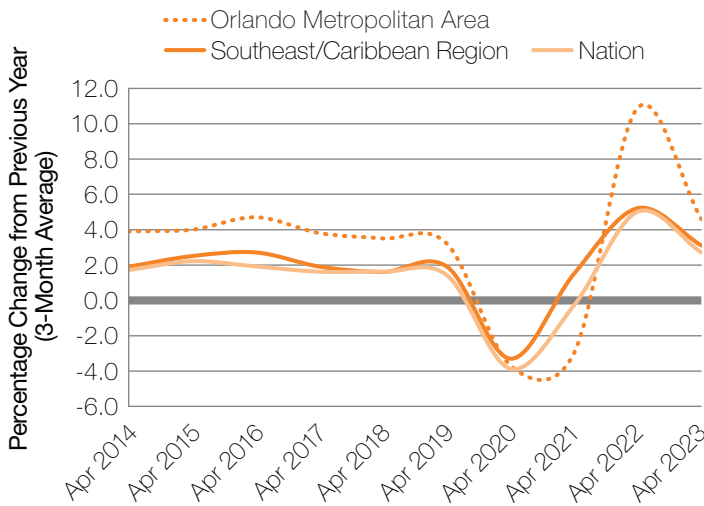


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the manufacturing, the government, and the mining, logging, and construction sectors.

- The mining, logging, and construction sector was the only sector with a decrease in payrolls, falling by 400 jobs, or 0.5 percent. The decline is concentrated in the construction industry, which contracted partially in response to rising interest rates.

The rate of job growth in the Orlando metropolitan area was faster than the rates in the Southeast/Caribbean Region and the nation during the past 2 years.



Source: U.S. Bureau of Labor Statistics

- The unemployment rate declined to 2.5 percent, down from 3.1 percent a year ago. The rate peaked at 19.2 percent during the 3 months ending July 2020 and has since been declining.

The leisure and hospitality sector, which includes the tourism industry, currently accounts for 20 percent of total nonfarm payrolls, or more than double the national portion of jobs for the sector. When operating at full capacity before the pandemic, the tourism industry in the metropolitan area had an annual economic impact of \$67.1 billion and supported 392,000 jobs (Visit Orlando). Tourist visits to the area have nearly recovered compared with prepandemic conditions. In 2022, the area had approximately 74.04 million visitors, only 2 percent below the number of visitors in 2019. During the first quarter of 2023, airline passenger traffic at Orlando International Airport increased 22 percent, and hotel occupancy was up 10 percent compared with a year ago, indicative of further recovery in the industry.

Largest Employers in the Orlando Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Walt Disney World Resort	Leisure & Hospitality	58,478
AdventHealth Orlando	Education & Health Services	37,000
Universal Orlando Resort	Leisure & Hospitality	21,143

Note: Excludes local school districts.

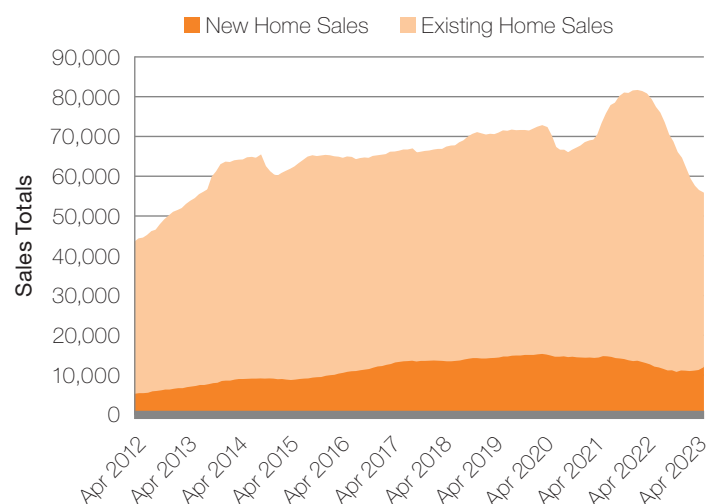
Source: Orlando Economic Partnership, July 2021

Sales Market Conditions

The home sales market in the Orlando metropolitan area is slightly tight, easing from tight conditions during the past 2 years. The inventory of homes for sale represented 1.9 months of supply in April 2023, up compared with the same month 1 and 2 years ago but below April levels from 2012 through 2019 (Redfin, a national real estate brokerage). Rising mortgage interest rates since early 2022 contributed to a decline in home sales. Interest rates for a 30-year fixed-rate mortgage averaged 6.34 percent in April 2023, up from 4.98 percent in April 2022 and 3.06 percent in April 2021 (Freddie Mac). The rising rate resulted in fewer households affording a home. During the first quarter of 2023, a household earning the median family income for the metropolitan area could afford 29 percent of the homes for sale in the area, down from 48 percent 1 year earlier and 64 percent 2 years earlier (NAHB Housing Opportunity Index). Despite fewer home sales, the low inventory of homes for sale has created upward pressure on home sales prices.

- Home sales declined 29 percent during the 12 months ending April 2023 compared with the previous 12 months

Existing home sales declined during the 12 months ending April 2023, and new home sales were relatively stable in the Orlando metropolitan area.



Note: Sales are for single-family homes, townhomes, and condominiums.

Source: Zonda

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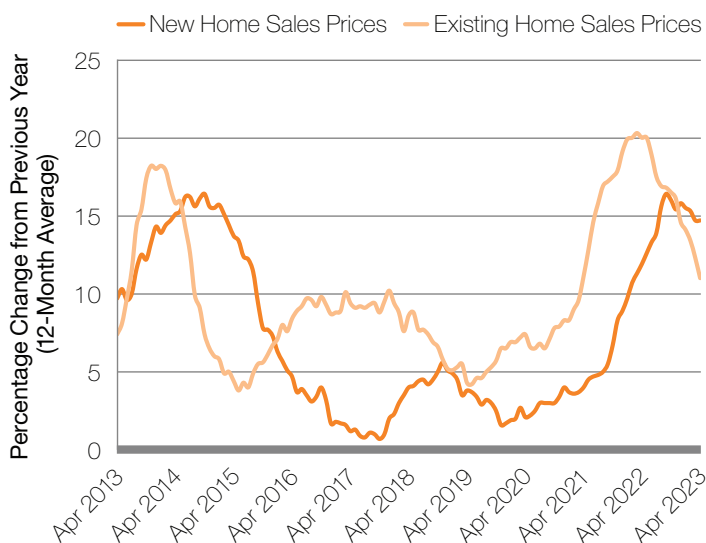
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because of fewer existing home sales (Zonda). Existing home sales fell 35 percent to 42,200 homes sold, whereas new home sales were unchanged, with 12,250 homes sold.

- The average home sales price, including new and existing homes, increased 13 percent from a year earlier to \$429,100 during the 12 months ending April 2023, slowing from a 17-percent increase during the previous 12 months but above the 8-percent average annual increase from 2016 through 2021.
- Price growth has slowed, but the trends in home sales have improved in recent months. During the 3 months ending April 2023, year-over-year home price growth slowed to 8 percent. Existing home sales declined 28 percent, and new home sales increased 41 percent compared with the same 3-month period a year earlier.
- The percentage of home mortgages in the metropolitan area that were seriously delinquent or in real estate owned status declined to 1.4 percent during April 2023, down from 1.8 percent a year earlier and a recent high of 6.5 percent during August 2020 (CoreLogic, Inc.), when job losses associated with the 2020 recession affected some homeowners. The current rate is the same as the rate in Florida and above the 1.1-percent rate for the nation.

Single-family home construction, as measured by the number of homes permitted, declined during the most recent 12 months, partially in response to rising mortgage interest rates.

New and existing home sales price growth has been slowing since early 2023 in the Orlando metropolitan area.

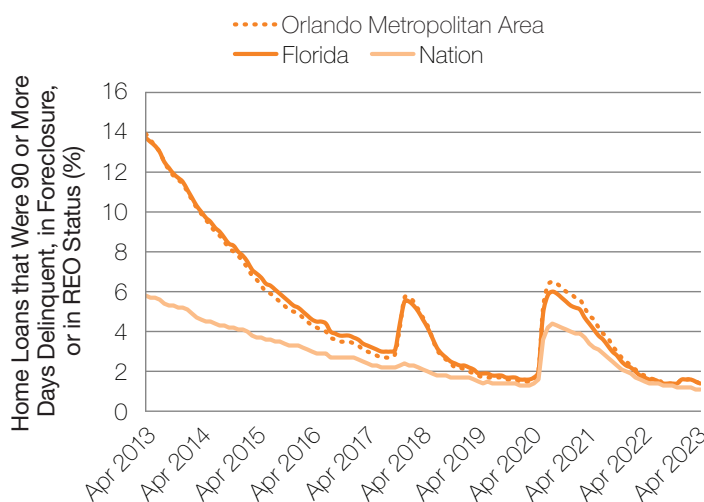


Note: Prices are for single-family homes, townhomes, and condominiums.
Source: Zonda

- Single-family permitting declined to 14,750 homes permitted during the 12 months ending April 2023, down from 19,000 homes permitted during the previous 12 months (preliminary data).
- Single-family permitting during 2021 was the highest since the recession of 2007 to 2009, with 17,800 homes permitted,

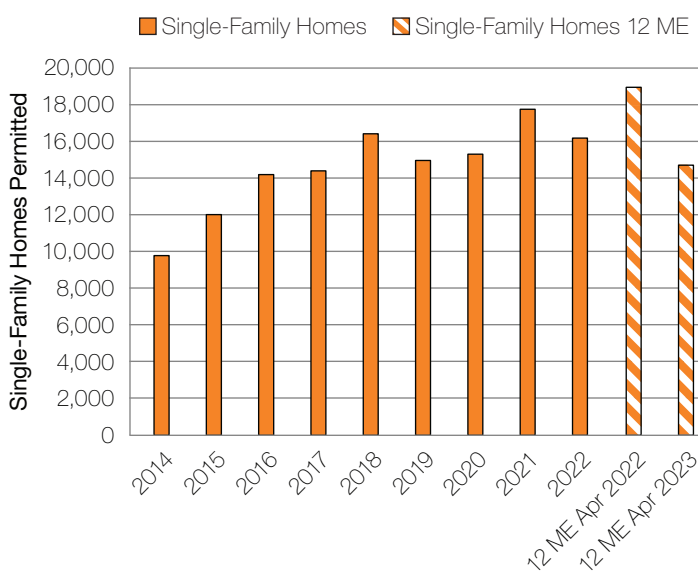
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The rate of seriously delinquent mortgages in the Orlando metropolitan area was the same as the rate in Florida and above the rate in the nation in April 2023.



REO = real estate owned.
Source: CoreLogic, Inc.

Single-family permitting in the Orlando metropolitan area slowed during the 12 months ending April 2023.



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

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up from the average of 15,100 homes permitted annually from 2016 to 2020. Single-family permitting previously peaked at 27,500 homes during 2004.

- During the first quarter of 2023, the metropolitan area had 450 active subdivisions, with a total 19,650 vacant

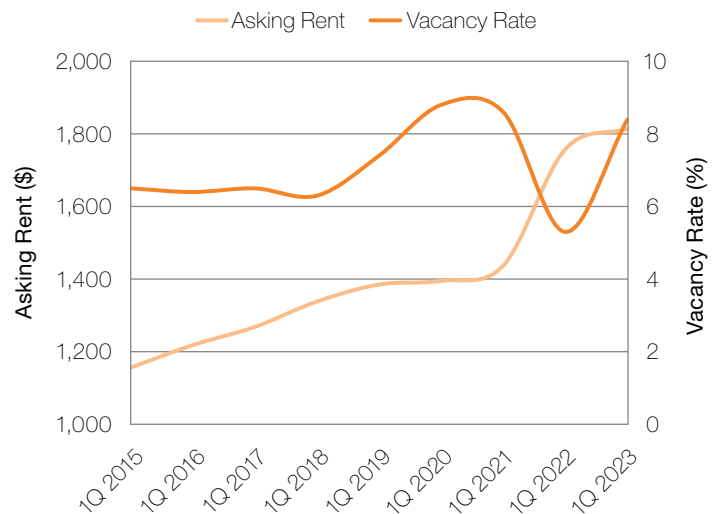
developable lots (Zonda). Among these, the Tohoqua master-planned community in the city of Kissimmee had the most home sales during the 12 months ending March 2023, with nearly 290 new homes sold at prices ranging from \$381,000 to \$543,000.

Apartment Market Conditions

Apartment market conditions are currently slightly soft in the Orlando metropolitan area. The number of new apartments entering the market since the second quarter of 2022 was more than three times the number of units absorbed, contributing to an increase in the vacancy rate and a slowdown in rent growth. Current conditions are a shift from tight conditions a year ago, when rent growth was faster and the vacancy rate was relatively low. The market was also balanced from 2015 through 2019, when rent growth was faster and the vacancy rate was lower than current conditions. During the 12 months ending March 2023, apartment completions increased 10 percent compared with a year earlier to 9,875 units, but absorption fell nearly 80 percent to 3,100 units (CoStar Group).

- The average apartment rent during the first quarter of 2023 was \$1,814, up 3 percent from a year ago but slowing from a 22-percent increase a year earlier. By comparison, year-over-year rent growth during the first quarters of 2015 through 2019 averaged 5 percent.
- The apartment vacancy rate, including properties in lease-up, increased to 8.4 percent during the first quarter of 2023, up from 5.3 percent a year earlier. The rate ranged from 6.5 to 7.4 percent during the first quarters of 2015 through 2019.
- Among the 13 CoStar Group-defined market areas, the I-Drive Orlando market area, which includes the neighborhoods surrounding Walt Disney World and Universal Orlando, absorbed the most units—1,175—nearly 40 percent of net absorption in the metropolitan area during the most recent 12 months. The average asking rent in the market area increased 2 percent to \$1,962. The vacancy rate increased 4 percentage points to 12.2 percent, partially because the number of units completed was more than double the number of units absorbed in the market area.
- Renter-occupied single-family homes account for approximately one-third of all rental units in the metropolitan area (2021 American Community Survey 1-year data). The average rent for a professionally managed, three-bedroom, single-family home was \$2,242 in April 2023, up 14 percent from a year ago, and the vacancy rate for all sizes of single-family homes for rent was 2.2 percent, unchanged from a year earlier (CoreLogic, Inc.).

During the first quarter of 2023, rent growth slowed, and the vacancy rate increased in the Orlando metropolitan area.



1Q = first quarter.

Source: CoStar Group

In response to softening market conditions because of elevated apartment completions and slowing absorption of units, multifamily construction, as measured by the number of units permitted, declined during the most recent 12 months. In addition, rising interest rates have increased the cost of all loan types, including loans used to finance apartment construction, also contributing to a reduction in multifamily permitting.

- Multifamily permitting declined to 11,350 units during the 12 months ending April 2023, down from 14,850 units permitted during the previous 12 months (preliminary data). From 2018 through 2022, multifamily permitting averaged 11,275 units annually, up from an average of 7,100 annually from 2014 through 2017.
- The largest share of multifamily units permitted in the metropolitan area was in Orange County, with 66 percent, or 7,475 units permitted during the 12 months ending April 2023. Osceola County had the second largest share, with 20 percent, or 2,300 units, followed by Seminole County, with 13 percent, or 1,500 units, and Lake County,

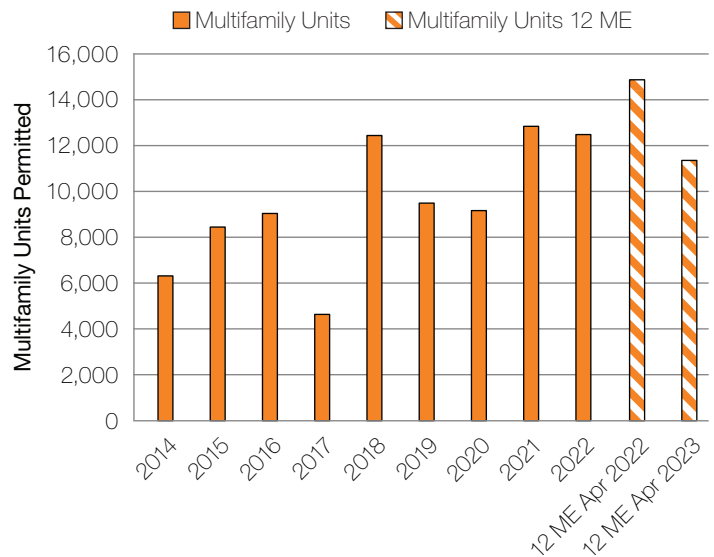
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with less than 1 percent, or 50 units. Permitting declined in all counties compared with the previous 12 months.

- The multifamily share of total housing construction in the metropolitan area was slightly higher relative to the nation, with 41 percent of all housing units permitted from 2018 through 2022 compared with 37 percent of units in the nation.
- During the first 4 months of 2023 in the metropolitan area, 20 market-rate apartment properties have opened. The average rent at the properties opened to date in 2023 ranged from \$1,737 for a studio to \$2,794 for a three-bedroom unit (CoStar Group).
- An emerging type of rental property development is subdivisions composed completely of single-family homes and townhomes built for rent. One example of this property type is Simmons Trace, a 108-home subdivision in Kissimmee that opened in late 2022. The average rent is \$2,509 for a three-bedroom home and \$2,689 for a four-bedroom home.

Multifamily permitting in the Orlando metropolitan area slowed during the 12 months ending April 2023.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Existing Home Sales	Include regular resales and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
National Association of Home Builders (NAHB) Housing Opportunity Index	The NAHB/Wells Fargo Housing Opportunity Index represents the share of homes sold in the housing market area that would have been affordable to a family earning the local median income based on standard mortgage underwriting criteria.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.
Vacant Developable Lots	The lots on a recorded plat with streets and utilities in place, ready for homes to be built.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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